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Israel transfers \$118 million in tax revenues to Palestinian gov't

By [Aluf Benn](#), Haaretz Correspondent and Reuters

Israel transferred \$118 million in tax revenues to the Palestinian government on Sunday, as part of a series of steps intended to bolster Palestinian Authority Chairman Mahmoud Abbas.

The remainder of the tax revenues, collected by Israel on behalf of the Palestinians, will be transferred to Abbas' government within six months, as agreed in meetings last week between Prime Minister Ehud Olmert's aides and Abbas.

Palestinian officials estimate that Israel is withholding a total of some \$600 million in tax revenues. Israel halted the tax transfers on Feb 1, 2006 after Hamas won Palestinian legislative elections.

The tax revenues were transferred to the emergency government established by Abbas in the West Bank following Hamas' violent takeover of the Gaza Strip in June.

Palestinian officials said the money was essential because Palestinian Prime Minister Salam Fayad, who also is the finance minister, has pledged to pay workers' salaries this week.

Officials said Fayad intends to pay government workers in Gaza as well, underlining Abbas' claim to represent all Palestinians.

In Gaza, Hamas spokesman Ghazi Hamad said the money is not a gift or favor from Israel. "I think it should be paid without any conditions and without conferences," he said.

"Everything that needed to be agreed upon has been agreed," a senior Israeli official said. "From July 1, there will be automatic transfers of the tax money," he said after a meeting during which the payment schedule was agreed upon.

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